

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 98-653-S - ORDER NO. 2001-1119

DECEMBER 14, 2001

IN RE:	Application of Palmetto Utilities, Inc. for	)	PALMETTO UTILITIES
	Approval of an Increase in its Sewer Rates	)	REMAND ORDER
	and Charges.	)	

This matter regarding Palmetto Utilities, Inc. (Palmetto or the Company) comes before the Public Service Commission of South Carolina (the Commission) on remand from the Circuit Court. The Circuit Court issued an Order on November 19, 2001 reversing our prior Orders in this Docket, and remanding the matter to this Commission with directions that we issue an Order granting Palmetto the full rate increase originally requested in its Application.

We have considered this matter, and have elected at this time not to proceed with an appeal of the Court's holdings, although we disagree in principle with them. In any event, we will follow the Court's directions, and we hereby grant Palmetto the full amount of the rate increase originally requested in its Application, or \$29.50 per month, per single-family house, condominium, villa, or apartment unit for residential customers. (See Appendix A.) The Court found our prior Orders in this Docket to be erroneous on two points: interest expense and operating margin.

With regard to interest expense, we hereby grant the full \$390,617 in interest expense incurred by Palmetto in the test year. The Court found that there was no evidence that would allow us to deviate from our treatment of interest expense from our ruling in

the last rate case, in which we allowed the full amount of interest expense. Accordingly, we follow that precedent. We would also point to the rebuttal testimony of William Pouncey at Tr., Vol.2 at 228 which independently supports this number in the record and our remand decision in this regard.

Considering the operating margin, the Court determined that although this Commission has wide latitude in determining a fair operating margin, that determination must be supported by substantial evidence of record. The Court stated that the only evidence of record regarding an appropriate operating margin is the testimony given by the utility's accounting expert, who opined that, based upon the Company's financial condition and Staff's proposed accounting adjustments, an operating margin of 10.88% was appropriate. Tr., Vol. 2, at 230-231; *Id.* at 234-235. Accordingly, as per the Court's holding, we hereby grant an operating margin to Palmetto of 10.88%.

This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



Chairman

ATTEST:



Executive Director

(SEAL)

## APPENDIX A

PALMETTO UTILITIES, INC.  
R. STAN JONES  
1 SMALLWOOD CIRCLE  
COLUMBIA, SC 29223  
PHONE: (803) 699-2409

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### SEWER RATES

#### 1. MONTHLY CHARGE

- a. *Residential* - Monthly charge per single-family house, condominium, villa, or apartment unit: \$ 29.50
- b. *Commercial* - Monthly charge per single -family equivalent \$ 29.50
- c. The monthly charges listed above are minimum charges and shall apply even if the equivalency rating is less than one (1). If the equivalency rating is greater than one (1), then the monthly charges may be calculated by multiplying the equivalency rating by the monthly charge.

Commercial customers are those not included in the residential category above and include, but are not limited to, hotels, stores, restaurants, offices, industry, etc.

The Utility will, for the convenience of the owner, bill a tenant. However, all arrearages must be satisfied before service will be provided to a new tenant or before interrupted service will be restored. Failure to pay for services rendered to a tenant may result in service interruptions.

- **All following charges were approved by Commission Order No. 97-699, in Docket No. 96-376-S dated August 15, 1997.**

## **2. NONRECURRING CHARGES**

- a) *Sewer Service Connection* charge per single-family equivalent \$250.00
- b) *Plant Impact Fee* per single-family equivalent \$800.00
- c) The nonrecurring charges listed above are minimum charges and apply even if the equivalency rating of a non residential customer is less than one (1). If the equivalency rating of a non residential customer is greater than one (1), then the proper charge may be obtained by multiplying the equivalency rating by the appropriate fee. These charges apply and are due at the time new service is applied for, or at the time connection to the sewer system is requested.

## **3. BULK TREATMENT SERVICES**

The Utility will provide bulk treatment services to Richland County ("County") upon request by the County. The rates for such bulk treatment services shall be as set forth above for both monthly charges and nonrecurring charges per single-family equivalent. The County shall certify to the Utility the number of units or taps (residential and commercial) which discharge wastewater into the County's collection system, and shall provide all other information required by the Utility in order that the Utility may accurately determine the proper charges to be made to the County. The County shall insure that all commercial customers comply with the Utility's toxic and pretreatment effluent guidelines and refrain from discharging any toxic or hazardous materials or substances into the collection system. The County will maintain the authority to interrupt service immediately where customers violate the Utility's toxic or pretreatment effluent standards or discharge prohibited wastes into the sewer system. The Utility shall have the unfettered right to interrupt bulk service to the County if it determines that forbidden wastes are being or are about to be discharged into the Utility's sewer system.

The County shall pay for all cost of connecting its collection lines into the Utility's mains, installing a meter of quality acceptable to the Utility to measure

flows, and constructing a sampling station according to the Utility's construction requirements.

#### **4. NOTIFICATION, ACCOUNT SET-UP AND RECONNECTION CHARGES**

- a) *Notification Fee:* Per Docket No. 2001-165-S, Order No. 2001-679, dated July 27, 2001, a fee of twenty-five dollars (\$25.00) shall be charged each customer to whom the Utility mails the notice as required by Commission Rule R. 103-535.1 prior to service being discontinued. This fee assesses a portion of the clerical and mailing costs of such notices to the customers creating the cost.
- b) *Customer Account Charge:* A fee of \$20.00 shall be charged as a one-time fee to defray the costs of initiating service.
- c) *Reconnection Charges:* In addition to any other charges that may be due, a reconnection fee of two hundred fifty dollars (\$250.00) shall be due prior to the Utility reconnecting service which has been disconnected for any reason set forth in Commission Rule R.103-532.4 and shall be changed to conform with said rule as the rule is amended from time to time.

#### **5. BILLING CYCLE**

Recurring charges will be billed bimonthly in arrears. Nonrecurring charges will be billed and collected in advance of service being provided.

#### **6. LATE PAYMENT CHARGES**

Any balance unpaid within twenty-five (25) days of the billing date shall be assessed a late payment charge of one and one-half (1½%) percent.

#### **7. TOXIC AND PRETREATMENT EFFLUENT GUIDELINES**

The Utility will not accept or treat any substance or material that has been defined by the United States Environmental Protection Agency ("EPA") or the South

Carolina Department of Environmental Control ("DHEC") as a toxic pollutant, hazardous waste, or hazardous substance, including pollutants falling within the provisions of 40 CFR §129.4 and 401.15. Additionally, pollutants or pollutant properties subject to 40 CFR §403.5 and 403.6 are to be processed according to the pretreatment standards applicable to such

pollutants or pollutant properties, and such standards constitute the Utility's minimum pretreatment standards. Any person or entity introducing any such prohibited or untreated materials into the Company's sewer system may have service interrupted without notice until such discharges cease, and shall be liable to the Utility for all damages and costs, including reasonable attorney's fees, incurred by the Utility as a result thereof.

## **8. CONSTRUCTION STANDARDS**

The Utility requires all construction to be performed in accordance with generally accepted engineering standards, at a minimum. The Utility from time to time may require that more stringent construction standards be followed in constructing parts of the system.

## **9. EXTENSION OF UTILITY SERVICE LINES AND MAINS**

The Utility shall have no obligation at its expense to extend its utility service lines or mains in order to permit any customer to discharge acceptable wastewater into its sewer system. However, anyone or any entity which is willing to pay all costs associated with extending an appropriately sized and constructed main or utility service line from his/her/its premises to an appropriate connection point on the Utility's sewer system may receive service, subject to paying the appropriate fees and charges set forth in this rate schedule, complying with the guidelines and standards hereof, and, where appropriate, agreeing to pay an acceptable amount for multi-tap capacity.

## **10. CONTRACTS FOR MULTI-TAP CAPACITY**

The Utility shall have no obligation to modify or expand its plant, other facilities or mains to treat the sewerage of any person or entity requesting multi-taps (a commitment for five or more taps) unless such person or entity first agrees to pay an acceptable amount to the utility to defray all or a portion of the Utility's costs to make modification or expansions thereto.

## **11. SINGLE FAMILY EQUIVALENT**

The list set forth below establishes the minimum equivalency ratings for commercial customers applying for or receiving sewer service from the Utility. Where the Utility has reason to suspect that a person or entity is exceeding design

loadings established by the South Carolina Department of Health and Environmental Control - Bureau of Water Pollution Control in a publication called "Guidelines for Unit Contributory Loadings to Wastewater Treatment Facilities" (1990), as may be amended from time to time or as may be set forth in any successor publication, the Utility shall have the right to request and receive water usage records from the provider of water to such person or entity.

Also, the Utility shall have the right to conduct an "on premises" inspection of the customer's premises. If it is determined that actual flows or loadings are greater than the design flows or loadings, then the Utility shall recalculate the customer's equivalency rating based on actual flows or loadings and thereafter bill for its services in accordance with such recalculated loadings.

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<u>TYPE OF ESTABLISHMENT</u>		<u>EQUIVALENCY RATING</u>
1.	Airport	
	Per Employee -----	.025
	Per Passenger -----	.0125
2.	Apartments -----	1.0
3.	Assembly Halls	
	Per Seat -----	.0125
4.	Barber Shop	
	Per Employee -----	.025
	Per Chair -----	.25
5.	Bars, Taverns	
	Per Employee -----	.025
	Per Seat (excluding restaurant) -----	.1
6.	Beauty Shop	
	Per Employee -----	.025
	Per Chair -----	.3125
7.	Boarding House	
	Per Resident -----	.125
8.	Bowling Alley	
	Per Employee -----	.025
	Per Lane (no restaurant, bar, lounge) -----	.3125
9.	Camps	
	Resort, Luxury (per person) -----	.25
	Summer (per person) -----	.125
	Day (with central bath house – per person) -----	.0875
10.	Car Wash	
	Per Car Washed -----	.1875
11.	Churches	
	Per Seat -----	.0075



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<u>TYPE OF ESTABLISHMENT</u>		<u>EQUIVALENCY RATING</u>
12. Clinics, Doctor's Office		
Per Employee -----		.0375
Per Patient -----		.0125
13. Country Club, Fitness Center, Spa		
Per Member -----		.125
14. Dentist Offices		
Per Employee -----		.0375
Per Chair -----		1.125
15. Factories, Industries		
Per Employee -----		.0625
Per Employee (with showers) -----		.0875
Per Employee (with kitchen facilities) -----		.1
Per Employee (with showers & kitchen) -----		.1125
16. Fairgrounds		
Per Person (based on average attendance) -----		.0125
17. Grocery Stores		
Per 1000 sq. ft. space (no restaurant) -----		.5
18. Hospitals		
Per Bed -----		.5
Per Resident Staff -----		.25
19. Hotels		
Per Bedroom (no restaurant) -----		.25
20. Institutions		
Per Resident -----		.25
21. Laundries (self service)		
Per Machine -----		1.0
22. Marinas		
Per Ship -----		.075
23. Mobile Homes -----		1.0

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24. Motels	
Per Unit (no restaurant) -----	.25
25. Nursing Homes	
Per Bed -----	.25
Per Bed (with laundry) -----	.375
26. Offices, Small Stores, Business, Administration Bldg.	
Per Person (no restaurant) -----	.0625
27. Picnic Parks	
Average Attendance (per person) -----	.025
28. Prison/Jail	
Per Employee -----	.0375
Per Inmate -----	.3125
29. Residences	
Single Family -----	1.0
30. Rest Areas, Welcome Centers-----	
Per Person -----	.0125
Per Person (with showers) -----	.025
31. Rest Homes	
Per Bed -----	.25
Per Bed (with laundry) -----	.375
32. Restaurants	
Fast Food Type (per seat - not 24 hours) -----	.10
24 Hour (per seat) -----	.175
Drive-in (per car served) -----	.10
Vending Machine, Walk-up Deli (per person) -----	.10
33. Schools, Day Care	
Per Person -----	.025
Per Person (with cafeteria) -----	.0375
Per Person (with cafeteria, gym & shower) -----	.05
34. Service Stations	
Per Employee -----	.025

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	Per Car Served -----	.025
	Per Car Wash (per car washed) -----	.1875
35.	Shopping Centers, Large Department Stores, Malls	
	Per 1,000 sq. ft. space (no restaurants) -----	.5
36.	Stadiums	
	Per Seat (no restaurants) -----	.0125
37.	Swimming Pools	
	Per Person (with sanitary facilities & showers) -----	.025
38.	Theatres	
	Drive-in (per stall) -----	.0125
	Indoor (per seat) -----	.0125